

The Mexican government in view of this gave notice on January 24, 1898, of the termination of the convention, to take effect twelve months from that date, at the expiration of which the convention would expire. The convention, however, is not yet terminated, and the negotiations are on foot. In this relation I may refer to the necessity of some amendment of our existing extradition statute. It is a common stipulation of such treaties that neither party shall be bound to give up its own citizens, that the added proviso in one of our treaties, that with Japan, that it may surrender if it see fit. It is held in this country that without uniform course of decisions that which creates negatives the obligation to surrender, the president is not invested with legal authority to act. The confirmation of such authority would be in the line of that sound, but somewhat narrow, principle from affording secure asylum to the author of a heinous crime. Again, statutory provision might be well made for what is styled extradition by way of transit, whereby a fugitive, surrendered by one foreign government to another may be conveyed across the territory of the United States to the jurisdiction of the demanding state. A recommendation of this kind was made by the President's message of 1896, was not acted upon. The matter is presented for your consideration.

SMUGGLING LEGISLATION.
The problem of the Mexican free zone has been often discussed with regard to its inconvenience as a provocation to smuggling into the United States along an extensive line and along-guarded land border. The effort made by the joint resolution of March 1, 1895, to remedy the abuse charged by suspending the privilege of free transit in bond across the territory of the United States to Mexico failed of good result as it is reported by 702 of the House of Representatives submitted in the last session, March 11, 1898. As the question is one to be conveniently met by wise concurrent legislation of the two countries looking to the protection of the revenue by harmonious measures operating equally on either side of the boundary, rather than by conventional arrangements I suggest that Congress consider the advisability of authorizing and inviting a conference and exchange of views between the treasury departments of the United States and Mexico to consider the subject in all its complex bearings and make report with pertinent recommendations to the respective legislatures. The conference should be for the information and the consideration of their congresses.

WATER BOUNDARY.
The Mexican water boundary commission has adjusted all matters submitted to it to the satisfaction of both governments save in three important cases—that of Chamizal at El Paso, Tex., where the two commissioners failed to agree, and wherein, for this case only, this government has not yet accepted the addition of a third member; the proposed elimination of what are known as "bancoas," small isolated islands formed by the cutting off of heads in the Rio Grande; and the proposed extension of the boundary line recommended by the commissioners and approved by this government, but still under consideration by Mexico; and the subject of the "equitable distribution of waters of the Rio Grande," which the commissioners recommended an international dam and reservoir, are approved by Mexico, but still under consideration by this government. Pending these questions it is necessary to extend the life of the commission which expires December 25, next.

The coronation of the young queen of the Netherlands was made the occasion of fitting congratulations. The salute of the gun McCord against Peru, which for a number of years has been pressed by this government and has on several occasions attracted the attention of the Congress, has been satisfactorily adjusted. A province as large as Mexico, which by the late 10 of liberty being admitted, the question of the amount to be awarded was submitted to the chief justice of Canada as sole arbitrator. His award of the indemnity due the claimant at \$40,000.

PERU ARROGATES.
The government of Peru has given the prescribed notification of its intention to arbitrate the treaty of friendship and commerce and navigation concluded with this country August 31, 1887. As that treaty contains many important provisions necessary to the maintenance of commerce and good relations which could with benefit be replaced by the nomination of renewed provisions within the brief twelve months intervening before the treaty terminates, I have invited suggestions by Peru as to the particular provisions it is desired to amend, and in reply reaching an arrangement whereby the remaining articles may be provisionally waived.

NEW AMBASSADOR.
His majesty, the czar, having announced his purpose to raise the imperial Russian mission at this capital to the rank of an embassy, I responded under the authority conferred by the act of March 18, by nominating and accrediting the Russian representative at St. Petersburg in the capacity of ambassador extraordinary and plenipotentiary. The Russian ambassador to this country has since presented his credentials.

The proposal of the czar for a general reduction of the vast military establishments, that weigh so heavily upon many peoples in time of peace was announced to this government with an assurance that it would be represented in the conference which it is contemplated to assemble with a view to discussing the means of accomplishing so desirable a result.

His majesty, as at once informed of the cordial sympathy of this government with the principle involved in his exalted proposal and of the readiness of the United States to take part in the conference. The active military force of the United States as measured by our population, territorial area and taxable wealth is, and under any conceivable prospective conditions, must continue to be in time of peace so conspicuously less than that of the armed powers to whom the czar appeals as to be a subject of discussion in any special message of April 25, is renewed, that appropriation be made to reimburse the master and owners of the Russian bark Hans for wrongful arrest of the master and detention of the vessel in the waters of the United States district court for the southern district of Mississippi. The papers accompanying my message make out a most meritorious claim and

justify the urgency with which it was presented by the government of Russia.

SAMOAN TROUBLES.
Malietoa Laupepa, king of Samoa, died on August 22, last. According to article 1 of the general act of Berlin, "his successor shall be duly elected according to the laws and customs of Samoa." Arrangements had been agreed upon between the signatories of the general act for the return of Malietoa and the other called Samoan chiefs. They were brought from Talaiti by a German war vessel and landed at Apia on Sept. 18, last.

Whether the death of Malietoa and the return of his old-time rival Matafao will add to the undesirable complications which the execution of the tripartite general act has heretofore developed, remains to be seen. The efforts of this government will as heretofore be addressed towards a harmonious and exact fulfillment of the terms of the international engagement, to which the United States became a party in 1889.

CLAIM AGAINST SIAM.
The Check claim against Siam, after some five years of controversy, has been adjusted by arbitration under an agreement signed July 6, 1897, an award of \$106,721 (about \$107,000) with the release of the Check estate from mortgage claims, had been rendered March 21, 1898, in favor of the claimant by the arbitrator, Sir Nicholas John Hannan, British chief justice for China and Japan.

An envoy from Siam has been accredited to this government and has presented his credentials.

RED CROSS AND SWITZERLAND.
Immediately upon the outbreak of the war with Spain, the Swiss government, fulfilling the high mission it has assumed as the patron of the International Red Cross, proposed to the United States and Spain that they should severally recognize and carry into execution as a modus vivendi during the continuance of hostilities the additional articles proposed by the international conference at Geneva Oct. 26, 1865, extending the effects of the existing Red Cross convention of 1864 to the conduct of naval war. Following the example set by France and Germany in 1870 in adopting such a modus vivendi, and in view of the accession of the United States to those additional articles in 1882, although the exchange of ratification had not yet taken place, the Swiss proposal was promptly and cordially accepted by us and simultaneously by Spain.

This government feels a keen satisfaction in having thus been enabled to testify its adherence to the broad principle of humanity even amidst the clash of war, and it is to be hoped that the extension of the Red Cross compact to hostilities by sea as well as on land may soon become an accomplished fact. The general promulgation of additional naval Red Cross articles by the maritime powers now parties to the convention of 1864.

The important question of the claim of allegiance to the Ottoman Porte carried instructions looking to the disposal of matters in controversy with Turkey for a number of years. He is especially charged to press for a just settlement of our claims for indemnity for the destruction of property of American citizens of 1835 as well as for the recognition of older claims of equal justice. He is also instructed to seek an adjustment of the dispute arising out of the refusal of Turkey to recognize the acquired citizenship of Ottoman-Bornians naturalized in the United States since 1859 without prior imperial consent, and in the same connection he is directed to endeavor to bring about a solution of the question which has more or less acutely existed since 1869 concerning the jurisdiction and rights of the United States in matters of criminal process against and punishment under article IV of the treaty of 1830. This latter difficulty grows out of a verbal difference, claimed by Turkey to be essential between the original Turkish text and the promulgated translation.

VENEZUELAN ARBITRATION.
After more than two years from the appointment of a counsel of this country to Erzeroum he has received his exequatur. The arbitral tribunal appointed under the treaty of February, 1897, between Great Britain and Venezuela to determine the boundary between the latter and the colony of British Guiana is to convene at Paris during the present month. It is a source of much gratification to this government to see the friendly relations of arbitration applied to the settlement of this controversy, not alone because of the earnest part we have had in bringing about the result but also because its members are named on behalf of Venezuela, Mr. Chief Justice Fuller and Mr. Justice Brewer, chosen from our highest court, appropriately testified the continuing interest we feel in the definite adjustment of the question, and the readiness of the United States to justice. The British members, Lord Herschell and Sir Richard Collins, are jurists of no less exalted repute, while the fifth member and president of the tribunal, Mr. Demaree, has earned a world-wide reputation as an authority upon international law.

The claim of Felipe Scandola against Venezuela for arbitrary expulsion and injury to his business has been adjusted by the arbitration of the order of expulsion and by the payment of the sum of \$16,000.

WESTERN COMMERCE.
I have the satisfaction of being able to state that the bureau of the American republics created in 1890 as the organ for promoting commercial intercourse and fraternal relations among the countries of the Western Hemisphere, has become a more efficient instrument of the wise purpose of its founders and is receiving the cordial support of the contributing members of the international union, which are actually represented in its board of management. A commercial directory in two volumes containing a mass of statistical matter, descriptive of the commerce and commercial interests of the various countries, has been printed in English, Spanish, Portuguese and German and a monthly bulletin published in these four languages and distributed in the Latin-American countries as well as in the United States has proved to be a valuable medium for disseminating information and furthering the varied interests of the international union.

During the past year the important work of collecting information of practical benefit to American industries and trade through the agency of diplomatic and consular officers has been steadily advanced, and in order to lay such data before the public with the least delay the practice was begun in January, 1898, of issuing the commercial reports from day to day as they are received by the department of state. It is believed that for promptitude as well as fullness of information the service thus supplied to our merchants and manufacturers will be found to show sensible improvement and to merit the liberal support of Congress.

PRIVATE PROPERTY.

International Agreement Proposed Regarding Exemption from Capture During War.
The experiences of the last year bring forcibly home to us a sense of the burden and the waste of war. We desire, in common with most civilized nations, to reduce to the lowest possible point the damage sustained in time of war by peaceful trade and commerce. It is true we may suffer in such cases less than other communities but all nations are damaged more or less by the state of uneasiness and apprehension into which an outbreak of hostilities throws the entire commercial world. It could be our object, therefore, to minimize, so far as practicable, this inevitable loss and disturbance. This purpose can probably be best accomplished by an international agreement to regard private property at sea as exempt from capture or destruction by the forces of belligerent powers. The United States government has for many years advocated this humane and beneficent principle and is now every ready to accept of it. To all other powers without the imputation of selfish motives, I therefore suggest for your consideration that the executive be authorized to negotiate with the government of principal maritime powers with a view of securing the permanent law of civilized nations the principle of the exemption of peaceful private property at sea, not contraband by belligerent powers.

NATION'S FINANCES.

Statement of the Secretary of the Treasury—Gold Standard to be Maintained.
The secretary of the treasury reports that the receipts of the government from all sources during the fiscal year ending June 30, 1898, including \$4,761,223 received from sale of Pacific railroad bonds, amounted to \$100,000,000, and expenditures to \$100,000,000. There was obtained from customs \$149,575,062, and from internal revenue \$170,900,641. Our defensible amount amounted to \$224,735,478, a decrease of \$28,158,690 over the preceding year, and importations free of duty amounted to \$291,414,175, a decrease from the preceding year of \$90,524,965. Internal revenue receipts exceeded those of the preceding year by \$10,000,000. The total tax collected on distilled spirits was \$92,546,522, on manufactured tobacco \$30,236,222, and on fermented liquors \$39,515,421. We exported merchandise valued at \$1,000,000,000, and imported \$1,000,000,000, an increase of \$100,000,000 from the preceding year.

DEFICIENCY OF \$112,000,000.
It is estimated upon the basis of present revenue laws the receipts of the government for the year ending June 30, 1899, will be \$77,574,497, and its expenditures \$189,574,497, resulting in a deficiency of \$112,000,000.

On the last of December, 1898, there was held in the treasury, gold coin amounting to \$138,411,547; gold bullion amounting to \$18,500,000; silver bullion amounting to \$93,352,250; and other forms of money amounting to \$451,963,981.

On the same date the amount of money of all kinds in circulation or not included in treasury holdings was \$1,826,891,500, an increase for the year of \$187,784,968.

Estimating our population at 75,000,000, at the time mentioned the per capita circulation was \$25.00.

On the same date there was in the treasury gold bullion amounting to \$138,411,547.

GOLD STANDARD.
The provision made for strengthening the resources of the treasury in connection with the present emergency, and confidence in the purpose and power of the government to maintain the present standard, and has established more firmly than ever the national credit at home and abroad. A marked evidence of this is found in the inflow of gold to the treasury. Its net gold holdings on November 1, 1898, were \$239,885,160, as compared with \$153,574,147 on November 1, 1897, and an increase of \$86,311,013, or 56 per cent, since that date. The present ratio of net treasury gold outstanding, giving liabilities including United States treasury notes of 1890, silver certificates, currency, fractional silver coin, and fractional silver coin, November 1, 1898, was 25.35 per cent, as compared with 16.36 per cent November 1, 1897.

RENEW SO MUCH OF MY RECOMMENDATION OF DECEMBER 1, 1897, AS FOLLOWS:
"That when any of the United States notes are presented for redemption and are redeemed in gold such notes shall be kept and set apart and only paid out in exchange for gold. This is an obvious duty. If the holder of a United States note prefers gold and gets it from the government he should not receive back from the United States a note without gold. The government should not be forced to issue a note in exchange. The reason for this is made all the more apparent when the government issues an interest-bearing debt to provide gold for the redemption of United States notes. It should not pay them out again except on demand and for gold. If they are put out in any other way they may return again, to be followed by another bond issue to redeem them, and the interest-bearing debt to redeem a non-interest-bearing debt." This recommendation is made in the belief that such provisions of law would insure to a greater degree the safety of the present currency, and better protect our currency from the dangers to which it is subjected from a disturbance in the general business conditions of the country. In my judgment the present condition of the treasury is such that it is imperative that the legislation recommended one year ago, under which a portion of the gold holdings should be placed in a trust fund from which gold checks should be redeemed upon presentation, but when once redeemed should not thereafter be paid out except for gold."

It is not to be inferred that other legislation relating to our currency is not needed. On the contrary, there is an obvious demand for it.

The importance of adequate provision which will insure to our future money standard related as our money standard now and to that of our commercial relations is generally recognized.

The companion proposition that our domestic paper currency shall be kept safe and yet be so related to the needs of our industries and internal commerce as to be adequate and responsive to such needs in a proportion scarcely less important. The subject in all its parts is commended to the wise consideration of the Congress.

STEAMSHIP LINES.

Extension of Territory Makes It Imperative for an American Mercantile Marine.
The annexation of Hawaii and the changed relations of the United States to Cuba, Porto Rico and the Philippines resulting from the war compel the prompt adoption of a maritime policy by frequent steamship communication encouraged by the United States under the American flag with the newly acquired islands. Spain furnished to its colonies at an annual cost of about two million dollars, steamship lines communicating with a portion of the world's markets as well as with the United States. The United States will not undertake to do less. It is our duty to furnish the people of Hawaii with facilities under

national control for their export and import trade. It will be conceded that the present situation calls for legislation which shall be prompt, durable and liberal.

The fact which American merchant vessels and their seamen performed in the war with Spain demonstrates that this service, furnishing both pickets and the second line of defense, is a national necessity and should be encouraged in every constitutional way.

Details and methods for the accomplishment of this purpose are discussed in the report of the secretary of the treasury, to which the attention of the press is respectfully invited.

YELLOW FEVER.
In my last annual message, I recommended that the Congress authorize the appointment of a committee for the purpose of making systematic investigations with reference to the cause and prevention of yellow fever. This matter has acquired an increased importance as a result of the military occupation of the island of Cuba and the commercial intercourse between this island and the United States, which has now every reason to expect that all other problems connected with our relations with the island of Cuba and the acquisition of Porto Rico are no less important than those relating to finance, commerce and administration. It is my earnest desire that these problems may be considered by competent experts and that everything may be done which the most recent advances in sanitary science can offer for the protection of health of our soldiers in those islands and of our citizens who are exposed to the dangers of infection from the importation of yellow fever. I therefore renew my recommendation that the authority of Congress may be given and a suitable appropriation made to a committee of experts to be appointed for the purpose indicated.

INCREASE OF ARMY.

Approves Recommendation of the Secretary of War in that Direction.

Under the act of Congress, approved April 28, 1898, authorizing the President in his discretion upon a declaration of war by Congress, or a declaration by Congress that war exists, I directed the increase of the regular army to the maximum of 62,000 authorized in said act.

There are now in the regular army 57,682 soldiers and of our said act it was provided "that at the end of any year in which the United States may become involved, the army shall be reduced to a peace basis by the transfer in the same arm of the service or absorption of the surplus into the militia, or by other means, under such regulations as the secretary of war may establish, of supernumerary command officers and of supernumerary enlisted men and transfer of enlisted men to the militia." It is construed as authorizing the permanent increase of the command or enlisted force of the regular army beyond that now provided by the law in force prior to the act of April 28, 1898, and the increase of 25,000 men, provided for in section 1 hereof.

The importance of legislation for the permanent increase of the army is therefore manifest, and the recommendation of the secretary of war for that purpose has my unqualified approval. There can be no question that at this time and probably for some time in the future 100,000 men will be none too many to meet the necessities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the President to enlist such force if in his discretion it should be necessary, and by the further discretion should be given him to recruit within the above limit from the inhabitants of the islands with the government of which we are charged.

VOLUNTEERS TO BE MUSTERED OUT.

It is my purpose to muster out the entire volunteer army as soon as the Congress shall provide for the increase of the regular establishment. This will be only an act of justice and will be much appreciated by the brave men who have done so much for our country to help the country in its emergency.

UNION PACIFIC RAILROAD.

Satisfactory Financial Outcome of the Government's Actions in Railroad Matters.

In my last annual message I stated: "The Union Pacific railroad, main line, was sold under the decree of the United States for the district of Nebraska, the first and second of November of this year."

The amount due the government consisted of the principal of the subsidy bonds, \$27,235,612, and the accrued interest thereon, \$31,111,611.07, making the total indebtedness \$58,347,223.75. The bid of the Kansas Pacific for the property was fixed at a sum which would yield to the government only \$2,000,000 upon its sale. The sale at the instance of the government was postponed to Feb. 16, 1898.

I had myself that the interest of the government required that an effort should be made to obtain a larger sum, I directed the secretary of the treasury, under the act passed March 3, 1897, to pay out of the treasury the entire principal of the subsidy bonds, and to pay out of the treasury the same amount due upon all prior mortgages upon the middle and eastern divisions of said railroad, out of any money in the treasury not otherwise appropriated.

Whereupon, the attorney general prepared a petition to be presented to the court offering to redeem said prior liens in such manner as the court might direct, and praying that thereupon the United States might be held to be the holder of all rights of said prior lien holders, and that a receiver might be appointed to take possession of the mortgaged premises and maintain and operate the same until the court or Congress otherwise directed. Thereupon the reorganization committee agreed that if said petition was withdrawn and the sale allowed to proceed on Feb. 16, they would bid a sum at the sale not less than \$27,235,612, and to pay the entire principal of the debt, \$58,347,223.75. Believing that no better price could be obtained and apprehending the difficulties under which the government would be placed if it should become the purchaser of the road at a sale, in the absence of any authority by Congress to take charge of and operate the road I directed that upon the guaranty of a minimum bid which should give the government the principal of its debt the sale should proceed. By this transaction the government secured an advance of \$2,000,000, over and above the sum which the court had fixed as the maximum which they would pay for the property. It is gratifying to know that the result of these proceedings against the Union Pacific and the Kansas Pacific lines is that the government has secured a sum of \$46,751,237.75, an increase of \$18,997,168.85 over the sum which the reorganization committee originally agreed to bid for the joint property, the government receiving the whole claim, principal and interest in

Union Pacific and the principal of its debt on the Kansas Pacific railroad.

COMMISSION APPOINTED.

Steps had been taken to foreclose the government's lien upon the Central Pacific railroad, but before action was commenced, Congress passed an act, approved July 7, 1898, creating a commission consisting of the secretary of the treasury, the attorney general and the secretary of the interior and their successors in office with full power to settle the indebtedness to the government growing out of the issue of bonds in aid of construction of the Central Pacific and Western Pacific bond aided railroads, subject to the approval of the President. No report has yet been made to me by the commission thus created. Whatever action it had looking to a settlement of the indebtedness in accordance with the act passed, will be duly submitted to Congress.

NEW BUILDING WANTED.

Department of Justice in Dire Need of a Stable Domicile.

I deem it my duty to call to the attention of Congress the condition of the present building occupied by the department of justice. The business of that department has increased greatly since it was established in its present quarters. The building now occupied by it is neither large enough nor of suitable arrangement for the proper accommodation of the department. The supervising architect has pronounced it unsafe and unsuited for the use to which it is put. The attorney general in his report states that the library of the department is on the fourth floor and the space above it is so crowded with books as to dangerously overload the structure. The first floor is occupied by the court of claims. The building is of an old and dilapidated character, and the dignity which should attach to this important department.

A proper regard for the safety, comfort and convenience of the officers and employees would justify the expenditure of a liberal sum of money in the erection of a new building of commodious proportions and handsome appearance upon the very advantageous site already secured for that purpose, including the ground occupied by the present structure and vacant ground adjoining to that, comprising in all a frontage of 201 feet on Pennsylvania avenue and a depth of 136 feet.

SUPREME COURT QUARTERS.

In this connection I may likewise refer to the inadequate accommodations provided for the Supreme court in the Capitol, and suggest the wisdom of making provision for the erection of a separate building for the court and its officers and library upon available ground near the Capitol.

POSTAL SUMMARY.

Business During the Last Ten Years Has Nearly Doubled.

The postal service of the country advances with extraordinary growth. Within twenty years, both revenues and expenditures of the postoffice department have multiplied three fold. In the last ten years they have nearly doubled. Our postal business grows much more rapidly than our population. It now involves an expenditure of \$100,000,000 a year, numbers 73,000 postoffices, and employs 200,000 employees. This remarkable extension of a service which is an accurate index of the public condition, presents gratifying evidence of the advancement of education, of the increase of communication and business activity, and of the improvement of mail facilities, leading to their constantly augmenting use.

The war with Spain laid new and exceptional labors on the postoffice department. The military and naval forces of the United States required special mail arrangements for every camp and every campaign. The communication between home and camp was naturally eager and expectant. In the larger places of rendezvous, as many as 10,000 letters a day required handling. This necessity was met by the prompt detail of experienced men from the established force, and by directing all the instrumentalities of the railway mail and postoffice service to the necessary to this new need. Congress passed an act empowering the postmaster general to establish an office or station, and under this authority the postal machinery was speedily put into effective operation.

ACROSS THE SEAS.

Under the same authority, when our forces advanced upon Cuba, Porto Rico and the Philippines, they were attended by the postal service. The postal service was speedily put into effective operation. The communication between home and camp was naturally eager and expectant. In the larger places of rendezvous, as many as 10,000 letters a day required handling. This necessity was met by the prompt detail of experienced men from the established force, and by directing all the instrumentalities of the railway mail and postoffice service to the necessary to this new need. Congress passed an act empowering the postmaster general to establish an office or station, and under this authority the postal machinery was speedily put into effective operation.

TO SWEEP THE SEAS.

Recommendations of the Secretary of Navy for More Fighting Craft.

The following recommendations of the secretary of the navy relative to the increase of the navy have my earnest approval:

1. Three sea-going, armored and coppered battleships of about 15,000 tons displacement, carrying the heaviest armor and most powerful ordnance, for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$4,000,000 each.
2. Three sea-going, armored and coppered cruisers of about 12,000 tons displacement, carrying the heaviest armor and most powerful ordnance, for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$3,000,000 each.
3. Six armored and coppered cruisers of about 5,000 tons displacement, carrying the heaviest armor and most powerful ordnance, for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$1,500,000 each.

REWARDS FOR FIGHTERS.

I join with the secretary of the navy

in recommending that the grades of admiral and vice admiral be temporarily revived, to be filled by officers who have specially distinguished themselves in the war with Spain.

OTHER MATTERS.

Twelfth Census—Pension Rolls—Patent Office Returns—Public Lands and Reservations.

I earnestly urge upon Congress the importance of early legislation providing for the taking of the twelfth census. This is necessary in view of the large amount of work which must be performed in the preparation of the schedule preparatory to the enumeration of the population.

There were on the pension rolls on June 30, 1898, 957,714 names, an increase of nearly 15,000 over the number on the roll on the same day of the preceding year. The amount appropriated by the act of December 22, 1896, for the payment of pensions for the fiscal year 1898, was \$140,000,000. Eight million, seven hundred and eighty-two thousand and four hundred and forty-six cents was appropriated by the act of March 31, 1898, to cover deficiencies in army pensions and repayments in the sum of \$12,020.33, making a total of \$148,820,320.77 available for the payment of pensions during the fiscal year 1898. The amount disbursed from that sum was \$144,651,879.80, leaving a balance of \$4,168,440.97 unexpended on the 30th of June, 1898, which was covered into the treasury. There were 319 names added to the rolls during the year by special acts passed at the second session of the Fifty-fifth Congress, making a total of 6,486 pensioners by congressional enactments since 1861.

The total receipts of the patent office during the past year were \$1,353,948.44. The expenditures were \$1,051,623.79, leaving a surplus of \$172,324.65.

PUBLIC LANDS.

The public lands disposed of by the government during the year reached 5,453,886.92 acres, an increase of 614,780.26 acres over the previous year.

The total receipts from public lands during the fiscal year amounted to \$2,277,995.18, an increase of \$100,000.00 over the preceding year. The lands embraced in the eleven forest reservations which were suspended by the act of June 4, 1897, again became subject to sale. The act of February 22, 1897, creating them, which added an estimated amount of 19,951,360 acres to the area embraced in the reserves previously created. In addition thereto two new reserves were created during the year, the Pinal Mountains and Zia Lake reservation in California, embracing 1,644,584 acres and the Prescott reservation in Arizona, embracing 10,240 acres, while the Pecos River in New Mexico had been changed and enlarged to include 120,000 additional acres.

FORESTRY RESERVATIONS.

At the close of the year thirty forestry reservations, not including those of the Afognak forest and the Fish Creek reserve in Alaska, had been created by executive proclamation under section 24, of the act of March 3, 1891, embracing an estimated area of 4,719,454 acres.

The department of the interior has inaugurated a forestry system made possible by the act of July, 1898, for a graded force of officers in control of the reserves. This system has only been in full operation since August, 1898. The reports received during the year indicate that the system of patrol has not only prevented destructive fires from gaining headway, but has diminished the number of fires.

CONDITION OF INDIANS.

The special attention of the Congress is called to that part of the report of the secretary of the interior in relation to the Five Civilized Tribes. It is noteworthy that the general condition of the Indians shows marked progress. But one outbreak of a serious character occurred during the year and that among the Chippewa Indians of Minnesota, which, happily, has been suppressed. While it has not yet been practicable to enforce all the provisions of the act of June 25, 1898, "for the protection of the people of the Indian Territory and for other purposes," it is having a salutary effect upon the nations composing the Five Tribes. The Dawes commission reports that the most gratifying results and greater advance toward the attainment of the objects of the government have been secured in the past year than in any previous year. I cannot too strongly reiterate my commendation of the commission and of the secretary of the interior, of the necessity of providing for the education of the 30,000 white children resident in the Indian Territory.

DEPARTMENT OF AGRICULTURE.

The department of agriculture has been active in the past year. Explorations have been sent to many of the countries of the eastern and western hemispheres for seeds and plants that may be useful to the United States and with the further view of opening up markets for our surplus products. The forestry division of the department is giving special attention to the treeless regions of our country and is introducing species especially adapted to semi-arid regions. Forestry has been introduced into the arid regions, especially in irrigated regions, are being studied, that the losses from this cause may be avoided. The department is inquiring into the use and abuse of the forests in many states of the west and collecting information regarding the laws of states, the decisions of the courts and the customs of the people in this regard, so that uniformity may be secured.

Experiment stations are becoming more effective every year. The annual appropriation of \$750,000 by Congress is supplemented by \$400,000 from the states.

SUGAR FACTORIES DOUBLED.

Wide experiments have been commenced to ascertain the adaptability of soil and climate to the growing of sugar beets. The number of sugar factories has been doubled in the past two years and the ability of the United States to produce its own sugar from this source has been clearly demonstrated.

The weather bureau, forecast and observation stations have been extended around the Caribbean Sea, to give early warning of the approach of hurricanes from the south seas to our fleets and merchant marine.

In the year 1899 will occur the centennial anniversary of the founding of the city of Washington for the permanent capital of the government of the United States by authority of an act of Congress, approved July 16, 1790.

In May, 1899, the archives and general offices of the Federal government were removed to this place. On the 17th of November, 1899, the national flag was raised for the first time and assumed exclusive control of the Federal district and city. This interesting event assumes all the more significance when we recall the circumstances attending the choosing of the site, the naming of the city, the vision of the father of his country, and the interest taken by him in the adoption of plans for its future development on a magnificent scale.